RPO and EPR in Open Access PPAs India 2026: Compliance, RECs and Cost Design

By Sudarshan Karweer · 09 September 2026 · growthifye.com

How RPO, EPR, RECs and open access PPA structures interact in India 2026 for C&I buyers, developers and lenders.

India's open access market in 2026 is being priced more tightly than at any time in the last five years. Most sophisticated C&I buyers already understand the obvious levers: base energy tariff, wheeling and transmission charges, cross-subsidy surcharge, additional surcharge, losses, and banking terms. What is still under-analysed in many transactions is the compliance value of the renewable unit itself: who can count it, who can claim it, whether any REC pathway survives, and how the purchase interacts with Renewable Purchase Obligation (RPO), internal decarbonisation targets and product-level export requirements.

This is increasingly important because boardrooms are no longer buying open access power only to shave Rs 0.80-2.50/kWh from grid landed cost. They are also buying attributes: RPO support, emissions reduction, customer-facing claims, and future defensibility against audits. For developers and lenders, these issues directly affect contract bankability, offtaker stickiness and the probability of disputes.

This article focuses on a distinct 2026 question: how RPO compliance, renewable attributes and REC treatment should be allocated and documented in Indian open access and corporate PPA structures.

Why RPO treatment now matters in corporate open access deals

The legal framework is familiar, but the commercial implications have sharpened. The Electricity Act architecture, the National Tariff Policy direction, state RPO regulations, and CERC REC framework collectively shape whether an MWh from an open access project creates only energy savings or also compliance value. In parallel, many large buyers are managing three separate layers of obligation:

- statutory RPO or internal procurement mandates where applicable
- enterprise decarbonisation commitments and annual sustainability reporting
- customer or export-market disclosures around renewable electricity sourcing

In 2026, this matters for at least five reasons.

- First, state regulators and discoms are scrutinising open access migration more closely because high-paying C&I demand is under pressure.
- Second, banking has become less generous in several states, so each unit must be monetised more efficiently.
- Third, some sectors now face more rigorous supply-chain emissions questionnaires from global buyers.
- Fourth, REC-market expectations influence how developers price optionality.
- Fifth, lenders want clarity on whether environmental attributes are bundled with energy or separately retained.

A buyer signing a solar OA PPA at Rs 3.35/kWh ex-bus in one state and seeing a final landed cost of Rs 5.40-6.20/kWh after OA charges may still proceed if the renewable claim is robust and audit-proof. The same buyer may reject a superficially cheaper structure if attribute ownership is ambiguous.

RPO in India 2026: where open access procurement fits

RPO remains a regulatory obligation imposed on obligated entities under central and state frameworks. The exact classification and enforcement architecture still varies by state and by consumer category, but the practical point is straightforward: open access renewable procurement is often relevant to RPO accounting, either directly for an obligated consumer or indirectly within state-level compliance treatment.

For C&I buyers, the first step is not to assume that all renewable procurement automatically solves all compliance needs. A proper review should ask:

- Is the consumer an obligated entity under the applicable state regulations in 2026?
- Is there a separate trajectory for solar, non-solar or technology-neutral renewable purchase under the relevant framework?
- Will open access injected and consumed units be recognised for compliance in that state and category?
- Is there any registration, metering, certification or monthly reporting requirement to count those units?
- If there is a shortfall, can it be cured through RECs, and under what conditions?

This sounds basic, but many transactions still skip this discipline. The result is a PPA that secures cheaper power but leaves the compliance team with a year-end shortfall.

For example, a 20 MW solar third-party OA deal supplying around 34-36 MU annually to a manufacturing load may substantially reduce grid draw. But the buyer's accounting treatment depends on time matching, state recognition, meter hierarchy and loss-adjusted delivered units. If state regulations recognise only net delivered renewable consumption at consumer meter after applicable losses and adjustments, the RPO credit may be lower than the project's gross generation number used in board presentations.

That gap becomes material when annual compliance is tight.

Energy versus attributes: the central contracting question

Every corporate PPA in 2026 should answer one question in unambiguous language: are renewable attributes bundled with delivered electricity, or carved out and retained by the generator?

In India, unlike some more mature attribute markets, many parties still leave this point half-drafted. That is risky. If the buyer expects to claim renewable consumption for ESG disclosures, while the seller expects to preserve REC or other environmental benefit optionality, a dispute is almost guaranteed once the project is operational.

At minimum, the PPA should define:

- environmental attributes and certificates
- ownership of attributes attached to generated and delivered units
- treatment of attributes if law changes
- whether the seller may register for or sell RECs
- whether the buyer may make public emissions or renewable-energy claims
- metering and reconciliation protocol for claimed units

In most physically settled open access deals, sophisticated buyers now prefer attributes bundled with energy, because that aligns the commercial reality with sustainability reporting. But there are exceptions.

- Some buyers care only about landed-cost reduction and place zero value on attribute ownership.
- Some sellers seek upside from future certificate markets and will bid a lower energy tariff if allowed to retain attributes.

- Some multi-site buyers want a blended structure, where core offtake is bundled and excess generation-related attributes follow a separate sharing rule.

This is not a legal drafting footnote. It can move price. In a competitive bid, a developer that retains limited upside from excess attributes may quote 5-20 paise/kWh lower, depending on state, technology and market view. Whether that is attractive depends on the buyer's internal value of renewable claims.

This is where disciplined [PPA structuring & negotiation](/coreservices/greenenergyppa/ppastructuringandnegotiation) creates value beyond visible tariff.

REC eligibility: what buyers and developers should test before assuming value

A recurring mistake in India's 2026 market is to casually assume that RECs will either definitely be available or definitely be irrelevant. Neither assumption is safe.

REC eligibility depends on the applicable central framework, project registration pathway, benefit conditions and whether the energy or environmental claim has effectively already been allocated elsewhere. In practical transaction work, parties should test four things.

- Can this project type and sale structure register and remain eligible under the prevailing REC framework?
- Does any concessional benefit, preferential treatment or policy support affect REC treatment?
- If power is sold under a corporate OA PPA with bundled renewable claims to the buyer, is separate REC monetisation still conceptually and contractually viable?
- If future reforms expand attribute markets, who benefits under the signed documents?

For many C&I buyers, the right answer is not to chase REC upside at all, but to prevent double counting. A company cannot credibly claim the same MWh as its own renewable consumption if the associated certificate or environmental attribute has been sold away into another compliance or claim chain.

Developers should also avoid over-promising REC upside to lenders. In most underwritten models, REC revenue should remain either excluded or treated as upside, not a base-case assumption, unless the eligibility pathway is exceptionally clear and the offtake documents support it.

As a rule of thumb for 2026 underwriting:

- base project DSCR should usually not depend on REC income
- if REC value is considered, use conservative realisation assumptions
- define waterfall ownership clearly in the financing documents
- align lender consent thresholds with any future attribute transfer amendment

With current OA solar and hybrid tariffs in many markets already compressed, it is tempting to use certificate optionality to close bid gaps. That should be done only with legal and regulatory clarity.

RPO, emissions claims and export-facing disclosures are not the same thing

One of the biggest conceptual errors in the market is to treat statutory RPO compliance, carbon-accounting claims and customer-facing renewable claims as interchangeable. They are related, but they are not the same.

A buyer may satisfy a state-level renewable procurement expectation through open access consumption treatment, yet still fail an internal sustainability audit if attribute ownership is unclear. Conversely, a buyer

may have strong renewable claims for reporting but still need to validate how those purchases map to a specific statutory obligation.

This distinction matters more in 2026 because larger Indian manufacturers in sectors such as auto components, chemicals, data infrastructure, metals processing and export textiles are receiving more granular questionnaires from downstream customers. Typical questions now include:

- What share of annual electricity consumption is procured from renewable sources?
- Is the electricity physically delivered or certificate-backed?
- Are environmental attributes exclusively owned by the reporting entity?
- Is there any risk of double counting with utility claims or generator certificate sales?
- How is temporal matching handled where supply is as-generated and not RTC?

An open access PPA can answer these questions well, but only if the contract, metering and internal governance are aligned. If the monthly delivered renewable units are 2.5 MU but the sustainability team reports project gross generation of 3.0 MU, the discrepancy will surface in audit.

This is why serious C&I buyers are increasingly pairing sourcing decisions with [Demand & ToD analysis](/coreservices/greenenergyppa/demandandtodanalysis). The point is not only shaping tariff savings. It is ensuring the renewable procurement profile that gets contracted is also the profile that can be defended in reporting and compliance.

Practical design choices for 2026 PPAs

For buyers, developers and lenders structuring new deals this year, the following design choices deserve early attention.

1. Define the claim boundary

Decide whether the buyer is purchasing:

- energy only
- energy plus bundled renewable attributes
- energy with conditional transfer of future certificates
- energy with no right to exclusive environmental claims

Do this before tariff negotiation closes, not after term-sheet signature.

2. Reconcile delivered units, not just generated units

For open access accounting, gross generation is not the economic or compliance endpoint. Track:

- plant generation
- injection meter units
- transmission and wheeling losses
- banking debit and credit, if applicable
- month-end settlement adjustments
- delivery at consumer end

This matters because annual claimable renewable consumption can be 6-15% lower than project gross generation once losses and settlement frictions are applied, with variation by state and connectivity path.

3. Check state-specific treatment before bid comparison

Two bids with the same headline tariff are not equivalent if one state's implementation is more reliable for compliance recognition or metering. Even within the same tariff band, the better compliance architecture may be more valuable than a 10-15 paise/kWh paper saving.

4. Avoid double-sale risk

The PPA, side letters, invoicing framework and sustainability disclosures should all point in one direction. If the generator retains REC rights, the buyer should not make exclusive renewable-attribute claims unless clearly permitted under the relevant framework.

5. Underwrite policy drift

Regulations continue to evolve. Contracts should specify what happens if:

- REC rules change
- state RPO regulations are revised
- banking treatment changes and affects delivered renewable units
- central or state agencies impose new reporting formats
- open access charges alter dispatch economics and offtake behaviour

A robust change-in-law clause should not only allocate financial impact, but also deal with attribute ownership and substitute compliance pathways where relevant.

6. Align legal, tax and reporting teams internally

In large C&I organisations, energy procurement, finance, sustainability and plant operations often work from different definitions of renewable consumption. Before financial close, all four functions should sign off one common methodology.

What this means for market participants

For C&I consumers, the lesson is clear: do not evaluate open access PPAs only on Rs/kWh landed cost. In 2026, the renewable unit's compliance and claim value can materially affect procurement strategy, especially for multi-site users with public decarbonisation commitments.

For developers, clean attribute drafting is now a competitiveness issue. Buyers are more informed, and ambiguity reduces bid quality. A well-documented bundled-attribute offer can improve conversion even if tariff is marginally higher.

For lenders, diligence should include environmental-attribute allocation and REC assumptions, not only charge pass-through mechanics and evacuation risk. This is especially important where borrower presentations reference sustainability-linked offtake quality.

For utilities and policymakers, clarity reduces disputes. The more transparent the treatment of OA renewable consumption for compliance and reporting, the lower the friction in implementation.

In many mandates, the best outcome is neither the cheapest energy-only structure nor the most aggressive attribute monetisation thesis. It is a cleanly documented arrangement where the buyer knows exactly what it is paying for, the seller knows exactly what it can still monetise, and the lender knows exactly what cash flow is underwritten.

That is the practical standard the Indian OA market now needs.

If your team is evaluating a new corporate PPA or revisiting an existing portfolio for RPO treatment, attribute ownership or REC-risk allocation, contact Growthifye's advisory desk for transaction-focused support on strategy, contracting and execution.

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